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Rural Marketing in India

Abstract ::

The Indian rural market is observed as a high potential market across the world. In recent Years, rural markets have acquired significance in countries like China and India. The recent years rural market have acquired signification and attract the attention of marketers as 68.84 population of India reside in 6,38,000 villages and overall growth of economy has resulted into substantial increase in the purchasing power of the rural communities. Rural Marketing in India Economy has always played an influential role in the lives of people. In India, leaving out a few metropolitan cities ,all the districts and industrial townships are connected with rural markets. But still there are challenges with rural marketing. The paper discuss the challenges and opportunities of rural marketing.

Introduction ::

Since 1970's and more particularly from the mid 1980's, the rural economy of India has started showing potentialities. During 90's, there has been a steady shift to as well as growth of purchasing power of rural India. Thus in recent years the rural sector provides a unique opportunity to expand their market since the urban segment is clearly showing signs of saturation. Our nation is classified in around 450 districts, and approximately 630000 villages, which can be sorted in different parameters such as literacy levels, accessibility, income levels, penetration, distances from nearest towns, etc. The rural markets dominate Indian marketing scene and need special attention for the expansion of marketing activities and also for providing better life and welfare to the rural people.

A survey by India's premier economic research entity, National Council for Applied Economic Research (NCAER) indicates that rise in rural incomes is keeping pace with the rise in urban incomes. The rural middle class is growing at 12 per cent, close to the urban middle class which is growing at 13 percent. The FMCG sector has been successful in selling products to the lower and middle income groups, and the same is true in India. Over 70% of sales are made to middle class households today and over 50% is in rural India. The sector is excited about a burgeoning rural population whose incomes are rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumer in a big way. Rural market is assumed to be synonymous with agricultural market by many. But the later just continues to be a part of former. Rural marketing encompasses business activities bringing in the flow of goods from urban sectors to the rural regions of the country as well as the marketing of various products manufactured by the non-agricultural workers from rural to urban areas. Hence, rural marketing in Indian economy covers two broad sections, (1)Trading of agricultural items in the urban areas .and (2) Trading of manufactured products in rural regions.

According to the National Council for Applied Economic Research (NCAER), the official collector of data on rural India, India's rural populace is worth US\$100 billion in consumer spending, making them a vital link in India's vibrant GDP story. Rise of a new socio-economic category called the rural rich and hence narrowing gap between the urban and rural per capita incomes. Inclusive growth is slowly happening! The entry of major companies like Reliance, Tata, Bharti, Birla's, and Wal-Mart, etc. into food retail could work wonders for farmers because of the companies' rural sourcing strategies. Increasing awareness about the importance of education has led farmers to send their wards for better education in urban areas

Trade liberalization, financial liberalization, tax reforms and opening up to foreign investments were

some of the important steps, which helped Indian economy to gain momentum The Gross Domestic Product (GDP) at factor cost, which was 2.3 % in 1951-52 reached 6.5 in the financial year 2011-2012

India's GDP Rate Since 1991-92

Financial year	GDP of India at factor cost (in percent)
1991-92	1.3
1996-97	7.8
2001-02	5.8
2006-07	9.2
2011-12	6.9

[source: mapsofindia.com/ india-economy]

OBJECTIVES:

1. To study the present scenario of rural market in India.
2. To study the major challenges faced by marketer in rural market.

SCOPE OF MARKETING :

1. According to 2011 census, rural population is 72% of total population and it is scattered over a wide range of geographic area.
2. Increased contact of rural people with their urban counterparts due to development of transport and a wide communication network.
3. There is a growth in purchasing power of rural consumers.
4. Life style of rural consumer changed considerably.
5. The growth rate of fast moving consumer goods [FMCG] market and durable market is high in rural areas.
6. Large inflow of investment for rural development programmes from government and other sources.
7. Increases in literacy and educational level.
8. Changes in the land tenures system causing a structural change in the ownership pattern and consequent changes in the buying behavior.
9. Infrastructure is improving rapidly.
10. The credit facilities extended by public sector banks through Kisan Credit Cards help the farmers to buy seeds, fertilizers and every consumer goods on installments.

RURAL MARKETING IN MORDEN INDIA :

Over the last decade, the rural GD in India has grown almost 30% faster than the urban GDP. Over the last three years, this market has shot ahead of the urban market even in terms of lifestyle buying - USD 69 billion, as against the urban markets' USD 55 billion. The spending has been on lifestyle products- mobile phones, television sets and two wheelers.

Rural share in stock of Consumer goods

Table: Rural share in stock of consumer goods

Demand	1995-96 (in '000)	Share in percent	2001-02 (in '000)	Share in percent	2009-10 (in '000)	Share in percent
Motercycle	359	47.3	1036	39.8	4045	48.3
Scooters	368	33.1	355	39.4	311	39.9
Automotive	1016	37.9	1689	36.0	4873	37.9

Television	4852	54.0	6400	54.5	7712	44.2
All Fans	7050	50.0	14627	56.9	32561	56.7
Low cost items	29228	58.1	45139	60.1	88607	61.3

[Source: *The Great Indian Market*, National Council of Applied Economic Research.]

Phases in Rural Marketing:

Phase-I (Before mid 1960)	Agriculture Produces like food grains and industrial inputs like cotton, oil seeds, sugarcane etc., occupied the central place of discussion during this period.
Phase-II (Mid 1960-1990)	Due to Green revolution, the demand for agriculture inputs went up. Better irrigation facilities, soil testing, use of high yield variety seeds, and employment of machinery changed rural scenario. Rural marketing meant "marketing of agriculture inputs and agriculture marketing;. Agencies like khadi and village industries commissions bloomed and government paid attention to promote these products.
Phase-III (After mid 1990)	Due to the development programmes of the Central and State Government, service organizational and socially responsible business groups the rural areas witnessed and all around socio- economics progress. The economic reforms of 1991-92 further accelerated the process by introducing completion in the markets. Rural marketing define as a function which mange all those activities in assessing, stimulating and converting the purchasing power of rural people into an effective demand for specific products and services and to create satisfaction and better standard of living for achieving organization goals.

CHALLENGES IN RURAL MARKETING :

Though rural markets are a huge attraction to marketers, it is not easy to enter the market because of several limitations .The major limitations in rural areas are described below.

Under developed market :

Rural markets are not developing because of inadequate banking & credit facilities. Modern technology has tried to develop the people and markets in rural areas. But the technology has made very less impact in rural areas.

Improper communication facilities :

majority of rural population cannot get the benefits of various media.

Many languages :

India is a country of many languages. The number of languages and dialects vary widely from state to state. Language becomes a barrier in effective communication in the marketing efforts.

Transportation problems :

Transportation is essential for movement of products from urban production centers to remote villages. In rural India transportation facilities are quite poor. Nearly 80 percentages of villages in the country are not connected by well constructed roads.

Warehousing problems :

A storage function is necessary because there is a time gap between production and consumption of commodities. Agricultural commodities are produced seasonally but they are demanded over the year so there is need to store them. But in rural areas, there is lack of public as well as private warehousing. Marketers face problems of storage of their goods.

Buying Decisions :

Rural consumers are cautious in buying and decisions are slow and delayed. Rural consumers are

takes caution in buying new products and are slow decision makers. They would buy the product only after they have tried the product further being personally satisfied.

Cultural Factors :

The rural consumers comprise different groups based on caste, religion, age, education, occupation type, income, and politics and each group exercise the influence on the behavior of people.

Buying capacity is not Stable:

Agriculture being the large source of income in the rural area, demand for good depends upon agricultural condition because agriculture to a large extent depends upon monsoon hence, the demand or buying capacity is not stable or regular.

CONCLUSION :

Rural marketing plays' a vital role in the development of country's economy , as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. On account of green revolution, the rural areas are consuming a large quantity of industrial and urban manufactured products. Rural marketing in India has still a long way to go, rural marketers have to understand the fact that rural marketing in India has a tremendous potential in our country . The core of today's scientific approach is to understand the rural market opportunities with the country's development priorities and to chalk out a strategy where rural industries and markets have an important role to play for the over-all growth of the nation.

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